



State of Utah

Department of
Environmental Quality

Dianne R. Nielson, Ph.D.
Executive Director

DIVISION OF DRINKING WATER
Kevin W. Brown, P.E.
Director

Drinking Water Board

Dale Pierson, *Chair*
Anne Erickson, *Vice-Chair*
Myron Bateman
Jay Franson
Laurie McNeill
Nancy Melich
Dianne R. Nielson, Ph.D.
Charlie Roberts
Petra Rust
Ron Thompson
Chris Webb
Kevin W. Brown, P.E.
Executive Secretary

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

MINUTES OF THE JUNE 11, 2004 DRINKING WATER BOARD
MEETING HELD IN LOGAN, UTAH

Board Members Present

Dale Pierson
Anne Erickson
Myron Bateman
Jay Franson
Laurie McNeill
Nancy Melich
Charlie Roberts
Petra Rust
Ron Thompson

Board Members Excused

Dianne Nielson
Chris Webb

Staff

Kevin Brown
Michael Georgeson
Ken Bousfield
Ken Wilde
Rich Peterson
Linda Matulich

Guests

Doug Nielsen, Sunrise Engineering
John Iverson, Sunrise Engineering
Wayne Wilkinson, Wilkinson WC
Shirley Wilkinson, Wilkinson WC
Darrin Jensen, Mayor, Centerfield
Gwen Jensen, Centerfield
Tim Jones, Jones & DeMille
Perry Payne, Monroe City
Rodney Wanlass, Monroe City
Craig Collett, Daggett County
Dan Gardner, Wilkinson
Brandon Heidelberger, Carollo/Magna
Ed Hansen, Magna Water ID

ITEM 1 – CALL TO ORDER

The Drinking Water Board convened in Logan, Utah with Chairman Pierson presiding. The meeting was called to order at 1:05 p.m.

Chairman Pierson asked for a moment of silence for President Reagan. President Reagan's burial is being held today.

ITEM 2 – ROLL CALL

Chairman Pierson asked Kevin Brown to call roll of the Board members. The roll call showed there were 9 members present at the time.

ITEM 3 – INTRODUCTIONS

Chairman Pierson thanked Petra Rust for the tour of the Pepperidge Farm facilities.

Chairman Pierson welcomed the guests and asked them to introduce themselves.

ITEM 4 – APPROVAL OF MINUTES – APRIL 9, 2004

Chairman Pierson stated a motion to approve the April 9, 2004 minutes would be in order.

Charlie Roberts moved the Board approve the April 9, 2004 minutes.

Myron Bateman seconded.

**CARRIED
(Unanimous)**

ITEM 5 – SRF/CONSERVATION COMMITTEE REPORT

1) Status Report

Michael Georgeson reported the Board has available \$1,945,000 in the state loan fund, which is made up of the Security Account, \$1,385,000, the Secondary Account, -\$122,000, and the Hardship Grant Account, \$682,000. Staff received a little over \$3,250,000 of the sales tax money that the Board is slated to receive from the Legislature. Mike explained the negative balance in the Secondary Account.

Mike mentioned staff has closed loans for Levan, Trenton, Billy Bethers, and Timberlakes. Staff will be closing a loan for Beaver Dam Village soon. Kanarraville is working hard. Monroe has some concerns. Orem is progressing. Staff is trying to schedule a meeting with Orem to go over the details of their loan. Staff has met with Pleasant Grove. Pleasant Grove will be moving ahead to close sometime in July to start working on their project.

Mike reported the Board has available \$8,960,000 in the federal loan fund. The Intended Use Plan will be before the Board today with the application for the 2004 Capitalization Grant. The Capitalization Grant has been sent in to EPA. EPA Region VIII is holding the Capitalization Grant until they receive the Intended Use Plan shortly after July 1, 2004.

2) State SRF Applications

a) Daggett County Planning Grant

Rich Peterson reported Daggett County is in need of a planning grant to look at the feasibility of combining the Town of Manila and the District to pay off some of the District's debts. Based on their MAGI, they do qualify for a planning grant. Staff put this information together after the SRF Finance Committee meeting. Staff is recommending the Board authorize a planning grant to Daggett County on behalf of Daggett County Water & Sewer District of \$20,000.

Craig Collett, Daggett County representative, addressed the Board.

Discussion followed.

Dale Pierson moved the Board authorize Daggett County a planning grant in the amount of \$20,000.

Laurie McNeill seconded.

**CARRIED
(Unanimous)**

b) Fillmore City

Rich Peterson reported Fillmore City Council is thanking the Board for the Planning Advance of \$8,000 for a planning study. Fillmore City Council is declining the planning advance. Staff is requesting the Board deauthorize the planning advance.

Myron Bateman moved the Board deauthorize the planning advance of \$8,000 to Fillmore City.

Petra Rust seconded.

**CARRIED
(Unanimous)**

c) Centerfield City

Rich Peterson reported Centerfield City and the Town of Mayfield are looking to regionalize their water systems and are looking for a planning loan of \$104,000. The high cost is to drill test wells to determine the feasibility of an additional water supply. The other options are to treat the existing sources.

Mayor Darrin Jensen, Centerfield City, addressed the Board.

Discussion followed.

Charlie Roberts moved the Board authorize Centerfield City a planning loan of \$104,000 at 0% to be repaid over a 5-year term on the condition that they resolve the appropriate issues on their compliance report.

Dale Pierson seconded.

**CARRIED
(Unanimous)**

d) West Erda Improvement District

Rich Peterson reported the Board authorized a planning loan to West Erda Improvement (formerly known as Golden Gardens) District at the February Board meeting. West Erda Improvement District is one of the top 25 worst drinking water systems in the State. The findings from the study show that the planning loan can be changed to a planning grant. The project will include a storage tank, transmission lines and upgrades. West Erda Improvement District currently has 25 active connections and 25 inactive connections. Most of the inactive connections have already drilled a well. The District does qualify for a Hardship Grant. The SRF Committee recommendation is a loan of \$380,000 at 0% to be repaid over 20 years and a grant for \$380,000. If the District is able to get third party funding so the loan amount would be lowered, but the grant of \$380,000 will be fixed at \$380,000.

Tim Jones, Jones & DeMille Engineering representing West Erda Improvement District, addressed the Board.

Discussion followed.

Myron Bateman moved the Board authorize West Erda Improvement District a loan of \$380,000 to be repaid over a 20-year term and a Hardship Grant of \$380,000. The \$380,000 loan of which ½ would be an offset amount. What other sources that would come in would not affect the grant.

Dale Pierson seconded.

Discussion on motion.

Myron Bateman amended his motion to also include: An impact study fee, do an investigation on funding from other sources and for West Erda to come back to the Board for final approval.

Anne restated the amended motion: The Board authorize West Erda Improvement District a loan of \$380,000 at 0% to be repaid over a 20 year term and a grant of \$380,000 on a condition West Era Improvement District resolve the appropriate issues on their compliance report. If West Erda Improvement District obtains a third party funding, then the loan portion could be lowered and the grant portion would remain fixed at \$380,000, with the following stipulations: 1) an impact fee study take place, 2) other funding sources be sought, and 3) within 2 months West Erda Improvement District would come back to the Board to report on these items.

Dale Pierson reseconded.

CARRIED

Seven voted yes.

Two voted no: Ron Thompson and Jay Franson.

3) Federal SRF Applications

a) Magna Water Improvement District

Ken Wilde reported staff has been meeting with Magna Water Improvement District regarding a project to remove arsenic and perchlorate. Because of the high cost of the project, Magna wished to discuss its preliminary financing plan with the Board. The amounts of money listed in the Board packet are tentative. Magna does not have the \$0.9 million from the special congressional appropriations, nor the \$5,000,000 from EPA, nor the \$4,000,000 from ATK Thiokol. Ken reported the federal agencies expect the District to have as much local support as possible. Magna Water Improvement District is seeking a letter from the Board saying that the Drinking Water Board supports their request and that they feel they will be able to loan Magna some money. Magna will have to come back to the August Board meeting to ask for a specific amount of money and approval.

Ken Wilde briefed the Board on what staff and the Magna Water District are working on with the other federal agencies for this project.

Ken Wilde went over the handout.

Ed Hansen, Magna Water Improvement District, addressed the Board.

Discussion followed.

Ron Thompson moved the Board authorize Kevin Brown to send a letter of support for the project, and the Board participate financially with an offer of a loan or an interest buy down. The Board would also like the Magna Water Improvement District to move forward with their plan, and report back to the Board at a future Board meeting on the project.

Discussion on motion.

Jay Franson seconded.

**CARRIED
(Unanimous)**

b) Wilkinson Water Company

Ken Wilde reported the Wilkinson Water Company is requesting a loan from the Board to drill a well, extend 3-phase power to the well, a pump, and about a ½ mile 10-inch water line and appurtenances. The SRF Committee recommends a \$210,000 loan at 5.13% to be repaid over 15 years. The Company will not be able to provide any money at the start of the project.

Ken went over the handout.

Wayne Wilkinson, Wilkinson Water Company, addressed the Board.

Discussion followed.

Myron Bateman moved the Board authorize a loan of \$210,000 at 5.13% to be repaid over 15 years, with a provision that if the Wilkinson Water Company provides 20% of the project funding, the interest rate would be decreased to 4.59% to be repaid over 15 years.

Nancy Melich seconded.

**CARRIED
(Unanimous)**

c) SRF Grant Application & Intended Use Plan for Federal Fiscal Year 2004

Mike Georgeson reported the Intended Use Plan is basically the same as when the Board has reviewed it in the past. There is an additional \$250,000 for local assistance. There is an additional technical assistance fee. The Board previously authorized a rule change incorporating a technical assistance fee. The technical assistance fee has not been implemented because it has to be a part of the Intended Use Plan. The technical assistance fee has been added to the Intended Use Plan. The technical assistance fee will supply a certain amount of money to do some of the studies without having to go through the Hardship Grant process. The interest rate that is derived at, by the point system in the rule, would be the maximum amount that would be charged. In some of the early loans from the Board, the entire interest rate was to go to the Hardship Grant Assessment. Mike reviewed the plan.

Discussion followed.

Dale Pierson moved the Board approve the Intended Use Plan for applications to EPA for the Federal Fiscal Year 2004 Capitalization Grant.

Laurie McNeill seconded.

**CARRIED
(Unanimous)**

Kevin Brown mentioned he would do an SRF 101 Class for the Board members at the next Board meeting.

ITEM 6 – WATER METER POLICY

Dale Pierson asked that the Water Meter Policy be addressed at the Board meeting today. There is a copy of a letter from the Mayor of Monroe City in the packet, which Dale Pierson reviewed. Dale reviewed the background of the Water Meter Policy, and some of the previous discussions held from past Board meetings.

Perry Payne, Councilman for Monroe City, addressed the Board.

Discussion followed.

Anne Erickson moved the Board include funding of the automated water reading systems, just like the manual water reading systems are currently funded, in the Water Meter Policy.

Myron Bateman seconded.

**CARRIED
(Unanimous)**

Dale Pierson directed staff to bring back to the August Board meeting a stipulation regarding meter reading for Monroe City. The Board will look at Monroe's stipulation and amend the stipulation accordingly.

Mayor Thompson, Logan City, joined the Board meeting and welcomed the Board to Logan City.

ITEM 7 – COMMENTS RECEIVED CONCERNING AMENDMENTS TO R309-700 AND R309-705 AND REQUEST FOR THE BOARD TO AUTHORIZE THE FILING OF A CHANGE IN PROPOSED RULE

Mike Georgeson reported the only comments received on the proposed rules were from Kent Bishop, Attorney for the Administrative Rules Office. Staff discussed the comments with Mr. Bishop. Mr. Bishop's memorandum is included in the packet. The changes for R309-700 are on pages 1, 2 and 6. The changes for R309-705 are on page 1 and 2. Staff recommends the Board adopt the changes to the proposed rules and authorize a notice to the Division of Administrative Rules. This notice will be published in the July 1, 2004 Bulletin and will run for 30 days. The rules will be submitted at the August Board meeting for final approval.

Ron Thompson moved the Board authorize staff to file with the Department of Administrative Rules the changes that are shaded in the rule as a notice of change in the proposed rule.

Charlie Roberts seconded.

**CARRIED
(Unanimous)**

ITEM 8 – REPROPOSAL ON CHANGES TO THE BACKFLOW TECHNICIAN RULES

Ken Bousfield reviewed the history of this rule's promulgation, including a) a proposed rule in January 2004, b) staff's efforts to obtain comments from all affected individuals and water utilities, c) response to a number of phone calls asking for clarifications, and d) receipt and response to some written comments requesting changes. As a result of this effort, staff recommends that the Board allow the initial filing to lapse, and then refile the changes incorporating the comments received by staff. Staff is requesting the Board authorize staff to proceed with the new version of the rules.

Anne Erickson moved the Board authorize the staff recommendation for staff to refile the appropriate forms with the Division of Administrative Rules for the attached proposed changes to R309-302.

Myron Bateman seconded.

**CARRIED
(Unanimous)**

ITEM 9 – CHAIRMAN'S REPORT

a) Legislative Water Task Force Update

Chairman Pierson reported the Legislative Task Force is looking at the water issues at a meeting to be held on Tuesday, June 15, 2004 at 8:00 a.m. in room W135 in the new House building. The discussions at the meeting are primarily revolving around water rights and water rights enforcement. These issues are primarily state engineer oriented. Chairman Pierson invited the Board to attend this meeting. There may be some dramatic changes in the water rights law.

b) Public vs. Non-Public Water System Discussion

Chairman Pierson reported that Ron Thompson, Kevin Brown, Ken Bousfield, Fred Nelson, and he had a phone conference regarding the discussions on Public versus Non Public Water Systems. Chairman Pierson reported on the phone conference.

Kevin mentioned he received a report from Fred Nelson and is reviewing the report.

Discussion followed.

Chairman Pierson asked to have this agenda item placed on the next Board meeting agenda. Chairman Pierson asked to have Fred Nelson's report in the packet, and for Kevin to do an executive summary on the report. Also, have a copy of the existing Capacity Development Rule and any existing policies regarding regionalization.

Chairman Pierson asked Michael Georgeson to come forward. Chairman Pierson mentioned that Mike has spent 29 years with the Division, of which a good portion of that time has been spent with the Board as well. The Board gave Mike a plaque and thanked him for his work, support and service. The Board wished Mike well in his retirement.

Mike mentioned he was appointed Executive Secretary on May 5, 1983 to work with the loan program. The loan program was authorized by the 1983 Legislature. Mike thanked the Board.

Kevin thanked Mike for his years of service and work.

ITEM 10 – DIRECTORS REPORT

a) Compliance Assistance Program (CAP) Quarterly List

Kevin Brown reported on the quarterly 25 worst water systems list. There are two new columns that have been added to the chart. Kevin received a phone call from EPA yesterday saying they are sending an Administrative Order to Fifetown. Brett Shakespear, staff member, will be meeting with Fifetown in the next couple of weeks. Staff is starting to become more aggressive on enforcement.

Discussion followed.

b) Arsenic Deadline

Kevin Brown reported the new Arsenic standard goes into place in January 2006. Tim Pine, staff member, did a study with the 48 - 50 water systems that are determined to be in non-compliance. About 15 of those systems will be turning their sources out and not use them any more. The other 30 – 35 water systems will continue to use their sources. About 20 systems have a plan in place. There are about 15 water systems staff is still waiting to hear back from to see what they will be doing with their water systems.

Kevin mentioned staff does an annual water rate study. The blue pressboard book in the handouts is a copy of the water rate study. Kevin reviewed the report.

Mike Georgeson mentioned the Executive Summary on the water rate study is on the website.

Kevin Brown mentioned that Bob Lowe, staff member, would be retiring June 30, 2004. Bob works in the Source Protection Section. Bob will be going to work with the Rural Water Association of Utah in their new Source Protection Program.

Dale Pierson mentioned Rural Water is receiving a great addition to their team with Bob Lowe joining them.

ITEM 11 – NEWS ARTICLES

The news articles are in the packet.

ITEM 12 – LETTERS

The letters are in the packet.

ITEM 13 – UPDATE

The update is in the packet.

ITEM 14 – NEXT BOARD MEETING

The next Board meeting will be held on August 13, 2004 in Park City, Utah. There will be a tour of Park City's Plant.

ITEM 15 – OTHER

No other business.

ITEM 16 – ADJOURN

Chairman Pierson stated a motion to adjourn the Board meeting would be in order.

Ron Thompson moved to adjourn the Board meeting at 3:50 p.m.

Myron Bateman seconded.

**CARRIED
(Unanimous)**

Linda Matulich
Recording Secretary